

Message

From: Vazquez, Gil@Waterboards [Gil.Vazquez@waterboards.ca.gov]
Sent: 12/4/2013 6:54:35 PM
To: Mues, Pascal [Mues.Pascal@epa.gov]
CC: Messina, Diana@Waterboards [Diana.Messina@waterboards.ca.gov]; Isorena, Philip@Waterboards [Philip.Isorena@waterboards.ca.gov]; Sablad, Elizabeth [Sablade.Elizabeth@epa.gov]
Subject: RE: Contractor-Assisted OTC permit costs and Communication Protocol
Attachments: FY13-14.Contract.Table.OTC.12-3-13.xlsx

Flag: Follow up

Hello Pascal,

Attached is a spreadsheet with the list of Once-Through-Cooling (OTC) contractor request. Using the OTC cost estimate of \$ [REDACTED] (Group 1 + Group 3) the remaining funding will allow nine OTC permits for contractor support. The list of the nine OTC permits we are requesting contractor support is located under the "Combined" tab in the attached spreadsheet. For a breakdown of the cost please see the "Contractor Support Calculator" tab in the attached spreadsheet.

Thank you,

-Gil Vazquez
Water Resource Control Engineer
SWRCB – DWQ – NPDES
Phone: 916.322.1400
Email: gvazquez@waterboards.ca.gov

From: Mues, Pascal [mailto:Mues.Pascal@epa.gov]
Sent: Wednesday, November 27, 2013 3:29 PM
To: Messina, Diana@Waterboards; Sablad, Elizabeth@epamail.epa.gov
Cc: Vazquez, Gil@Waterboards; Isorena, Philip@Waterboards; Crader, Phillip@Waterboards; jim.parker@pgenv.com
Subject: RE: Contractor-Assisted OTC permit costs and Communication Protocol

Diana – we will of course have more time to discuss next week, but I wanted to clarify a few details so that they aren't weighing on anyone's mind during the holiday:

- Any discussion of "Level 3 + Level 3" cost basis is no longer current, and I'm curious why you might still be hearing it. That "3+3" estimate dates to a few weeks ago when EPA and PG first learned of the proposal to support OTC permits under this contract, and the only yardstick available was the experience you alluded to with the separate contract for Diablo Canyon etc. With the communication of more detail on the SWRCB proposals last week, Jim had a chance to look at the work with his team and he, Phil, and I were able to switch away from "3+3" to (generally) a "Level 3 + Level 1" cost basis. That includes clarification and agreement on what part of the work State Board staff would be performing, etc.

We are now attempting to provide Gil with a concrete dollar estimate per OTC permit for his support allocation spreadsheet, since the increased cost may affect which permits the State wants to prioritize for contractor assistance. The cost difference from previous SB estimates could be as much as \$ [REDACTED] if each of the 12 OTC permits initially proposed requires additional funding equivalent to a Group I permit (\$ [REDACTED]). Any decisions on allocation remain yours to make.

- I did not seek to imply a restriction on *conversation* between SWRCB staff and the contractor. What is required to go through the EPA COR (myself) is any *direction* being issued to the contractor, e.g. on which work to perform. It would simply be helpful for me to be part of any discussions on contractor costs and assignments,

since any changes to the work require me to issue a letter and I can do that faster if I am already familiar with the issues.

Wishing everyone a pleasant holiday,

-Pascal Mues



United States Environmental Protection Agency

Pascal Mues

Pascal Mues, Environmental Engineer
NPDES Permits office
U.S. EPA Region 9, WTR-5
75 Hawthorne Street
San Francisco, CA 94105
Phone: (415)-972-3768
mues.pascal@epa.gov

From: Messina, Diana@Waterboards [<mailto:Diana.Messina@waterboards.ca.gov>]

Sent: Wednesday, November 27, 2013 2:07 PM

To: Mues, Pascal; Sablad, Elizabeth

Cc: Vazquez, Gil@Waterboards; Isorena, Philip@Waterboards; Crader, Phillip@Waterboards; jim.parker@pgenv.com

Subject: Contractor-Assisted OTC permit costs and Communication Protocol

Hi Elizabeth and Pascal,

Yes, we do need to have a follow-up discussion, and hopefully Jim Parker can be part of the conversation also. I am concerned about the discussions taking place regarding the Once-Through-Cooling (OTC) permit that the Water Boards have requested for permitting assistance and believe a good conversation can resolve the concerns. It is my understanding that our state cost-per-permit is equal to a (Level 1 + Level 3) permit. I am now hearing discussion of an increase in cost to a (Level 3 + Level 3) per OTC permit. I will understand if details from PGEnvironmental provide justification for an increase in cost. I do not want the contractor to be underpaid for their work. The details of my concern include the following:

- The example Region 3 permit that is being used to develop this cost-per-permit is an older permit that had lots of legal issues, and does not reflect the average amount of resources necessary to develop the permits we are requesting assistance.
- We are providing a state board permit writer to develop the portion of the permit that implements the OTC policy, the facility-specific compliance schedules, and the facility specific-compliance actions that must be taken per the compliance schedule.
- These permits are for similar type facilities and similar discharges.
- These permits require the implementation of the CTR or the Ocean Plan. Once the first of each of these type permits are drafted, the subsequent permit development will be more efficient.
- For each permit, the contractor is responsible for conducting the steps in a Level 3 permit, however we agree to tack on the additional cost of a Level 1 permit for a total cost of (Level 1 + Level 3) per permit; increasing the cost to be equivalent to two Level 3 permits greatly impacts the ability for contractor assistance to assist our Water Board in renewing other backlogged permits.

I am open to be convinced otherwise and look forward to our discussion.

I understand USEPA's need to document compliance with legal contract protocol regarding communication. Thank you for the information. We implement similar measures in our agency as our staff is not to take direction from parties other than their direct line of supervisors. I am not aware of conversation restrictions between Water Board staff and

contractors. I trust that you and your contractor can establish an internal agreement of having the contractor only follow USEPA direction without placing responsibility on State Board staff. If communication restrictions involving State Board staff are to be implemented, please forward them to me so that I can assure communication follows inter-agency protocol. We are providing all the information needed to fulfill these contract task orders, and I will continue to encourage healthy communication between the contractor and staff that respects such protocol.

Phil Isorena and Gil Vasquez will work with you to schedule a meeting for our discussion.

Thank you and have a nice holiday.

Diana

From: Mues, Pascal [<mailto:Mues.Pascal@epa.gov>]
Sent: Tuesday, November 26, 2013 5:08 PM
To: Messina, Diana@Waterboards; Isorena, Philip@Waterboards
Cc: Vazquez, Gil@Waterboards; Sablad, Elizabeth@epamail.epa.gov
Subject: RE: Two updates on CA in-kind permit support: submission dates and OTC-permit costs

Diana – I am comfortable having the discussion as soon as practicable, which I believe will be determined by when we receive more detailed cost estimate(s) on the proposed OTC permits from PG and Gil has the opportunity to rebalance the support requests in light of that information. At the moment I believe the week-after-Thanksgiving time frame looks reasonable for that.

I understand from Jim Parker that he and Phil are in communication on the additional (i.e. contractor cost relevant) details of the OTC permits you mentioned, and which Phil is working to clarify? I would appreciate being included on any such calls/E-mails since legally, as the contracts representative, I am the only person who is authorized to be issuing direction to the contractor. Our contracts office is increasingly being required to document compliance with that rule.

Hope to speak with you next week,

-Pascal

Pascal Mues

Pascal Mues, Environmental Engineer
NPDES Permits office
U.S. EPA Region 9, WTR-5
75 Hawthorne Street
San Francisco, CA 94105
Phone: (415)-972-3768
mues.pascal@epa.gov

From: Messina, Diana@Waterboards [<mailto:Diana.Messina@waterboards.ca.gov>]
Sent: Tuesday, November 26, 2013 3:52 PM
To: Mues, Pascal; Isorena, Philip@Waterboards
Cc: Vazquez, Gil@Waterboards; Sablad, Elizabeth
Subject: RE: Two updates on CA in-kind permit support: submission dates and OTC-permit costs

Thanks Pascal. I asked Phil to gather a little more information regarding the OTC permits so that we can have a more thorough discussion. How about if we find a time we can discuss this next week, preferably the latter half of next week due to the Thanksgiving holiday?

Diana

From: Mues, Pascal [<mailto:Mues.Pascal@epa.gov>]
Sent: Thursday, November 21, 2013 4:39 PM
To: Isorena, Philip@Waterboards
Cc: Vazquez, Gil@Waterboards; Messina, Diana@Waterboards; Sablad, Elizabeth@epamail.epa.gov
Subject: Two updates on CA in-kind permit support: submission dates and OTC-permit costs


Diana, Phil, Gil:

I discussed these issues with Phil earlier, but I wanted to share two important pieces of information on the permit support contract with you at SWRCB. The first may limit how many permits the contractor can support this year, while the second is good news on the timeline flexibility we discussed previously.

1. Support costs for a Once-Thru Cooling (a.k.a. §316(b)) Permit are higher than SWRCB appears to have been assumed, which may reduce the number of permits we can provide contractor support on this year.
When we set the contract up earlier this year, I didn't get the notice that SWRCB planned to support the reissuance of OTC permits under it. I discovered that intent thanks to the detailed spreadsheet Gil was kind enough to provide, and unfortunately it raises a cost issue. The last time EPA funded OTC permit writing in California (2010-11), a separate contract proved necessary due to the high cost & number of contractor hours required to prepare such a permit. We are still working to determine an exact cost-per-permit for OTC with PG, but each one could potentially require up to twice what a normal Group III permit does.
With 12 OTC facilities in the current request, that significantly affects the overall budget. I will follow up once we have more specific numbers, but we may have to scale back the number of permits supported this year if OTC makes up a larger part of it. I would appreciate agreeing on **firm** new numbers for each category (I, II, III, and now OTC) quickly once we have an OTC cost, since those numbers are written into the contract and can take time to have changes approved. We still have flexibility to juggle between groups as discussed on our call last week, it's just best to make all the changes at once and minimize processing delay.
2. We **do** have greater flexibility on many submission dates under the §106 workplan than we thought earlier. This may mean less dependence on the current March 1 deadline.
Elizabeth Borowiec confirmed that all EPA *practically* needs to have from SWRCB by March 1 is a budget number for permits in-kind support, which she must have that early in order to process it through the detailed reviews our financial office now does. The Annual Permit Issuance Plan could be deferred to a later quarterly report. We may need to go through one more year until the 106 workplan is reissued and we have a chance to edit the agreement language, but thereafter we should be able to give you enough time to have the governor's final budget before committing to a specific set/distribution of permits.

I will follow up once I have more details, but I wanted to let you know you can anticipate both of these topics for future contracted work.

-Pascal



Pascal Mues

Pascal Mues, Environmental Engineer
NPDES Permits office
U.S. EPA Region 9, WTR-5
75 Hawthorne Street
San Francisco, CA 94105
Phone: (415)-972-3768
mues.pascal@epa.gov

***** ATTACHMENT NOT DELIVERED *****

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